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Senior Loan Officer Survey

on Business-Lending Practices in Canada

Results of the First-Quarter 2010 Survey

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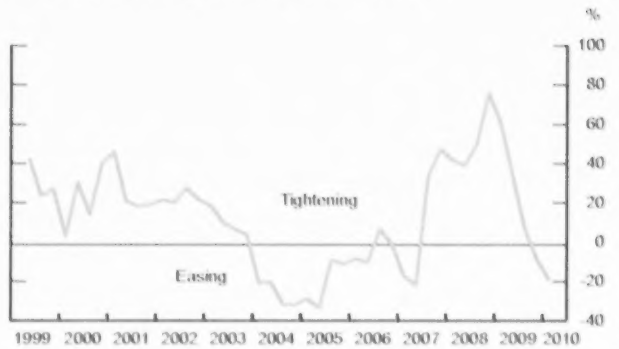
This *Senior Loan Officer Survey* (SLOS) focused on changes to business-lending practices in the first quarter of 2010.

- The survey results point to an overall easing in business-lending conditions during the first quarter of 2010, following a stabilization of lending conditions in the last quarter of 2009 **(Chart 1)**. Both the price and non-price aspects of business lending eased during the first quarter **(Chart 2)**.
- However, the easing in lending conditions was not evident across all borrower categories.
- For corporate borrowers, lending conditions eased for the third consecutive quarter. This is consistent with their improved access to capital markets over the past year, as well as a more favourable economic outlook for these firms.
- For small businesses and commercial borrowers, the survey results point to a stabilization of lending conditions during the first quarter, following several consecutive quarters of tightening.

Chart 1: **Lending conditions have eased for Canadian non-financial firms . . .**

Overall business-lending conditions: Balance of opinion*



* The balance of opinion is calculated as the weighted percentage of surveyed financial institutions reporting tightened credit conditions minus the weighted percentage reporting eased credit conditions. Thus, a positive balance of opinion implies a net tightening. The chart shows the average of the balances of opinion for the price and non-price dimensions of lending conditions.

Chart 2: **. . . in both price and non-price terms**

Price and non-price lending conditions: Balance of opinion*

* The balance of opinion is calculated as the weighted percentage of surveyed financial institutions reporting tightened credit conditions minus the weighted percentage reporting eased credit conditions.

Note: Each series is the simple average of the balances of opinion for the small business, commercial, and corporate sectors.

The Senior Loan Officer Survey collects information on the business-lending practices of major Canadian financial institutions. In particular, the survey gathers the perspectives of respondents on price and non-price terms of business lending and on topical issues of interest to the Bank of Canada. The survey is conducted quarterly, near the end of the quarter for which the results are reported. The first-quarter survey was conducted between 1 and 5 March 2010. Additional information on the survey is available on the Bank of Canada's website at <http://www.bankofcanada.ca/en/slos/index.html>.

The survey results summarize opinions expressed by the respondents and do not necessarily reflect the views of the Bank of Canada.

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